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DIA, OSD and DOS review(s) completed.

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1. Sweden to delay arms exports to Argentina--US Legation Stockholm reports that Sweden, as a result of a US protest, has decided to delay arms shipments to Argentina, but has stated that "limited shipments" may begin in late September.
2. Chinese troops to leave Hanoi soon--US Embassy Nanking has been informed by the Chinese Vice Minister for Foreign Affairs that shipping is en route to Hanoi to evacuate to Shanghai the Chinese division designated for occupation of Japan (see Daily Summary of 1 August, item 5). The troops are expected to begin embarkation at Hanoi about 9 August.

#### EUROPE-AFRICA

3. USSR: US Military Attache's views on Zhukov transfer--US Military Attache Moscow believes that Zhukov's transfer to Odessa does not presage major military operations, but is based on a combination of the following considerations. Zhukov may have requested transfer to avoid subordination in the Ministry of Armed Forces to former juniors such as Bulganin and Vassilevski. His prestige may be needed to check current unrest reported in the Odessa area. His liberal attitude toward the Western Powers and his friendship with Eisenhower, coupled with his great personal popularity, may have aroused the suspicion of Party leaders.
4. POLAND: Increased danger of attacks on security forces--US Charge Gallman reports that the British Foreign Office is concerned over reports that the danger of armed clashes in Poland between Polish security forces and dissident groups is increasing. British officials, according to Gallman, have impressed upon their "Polish contacts" the folly of such clashes, emphasizing the seriousness of any situation which would justify the Soviet use of military force to protect communications lines to the Soviet zone in Germany.
5. HUNGARY: Smallholders support US note to USSR--US Minister Schoenfeld reports that at a recent committee meeting of the National Assembly the Smallholders' party proposed that Hungary request

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"concerted Allied assistance" at the Peace Conference in view of Hungarian bankruptcy. The Smallholder proposal was intended to make known Hungarian support of the recent US note to the USSR regarding the Hungarian economic situation and to forestall "unilateral Soviet action" for rehabilitating the Hungarian economy. As a result of strong Communist opposition, however, the committee agreed that the Foreign Minister should announce national bankruptcy but make no request for assistance.

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6. RUMANIA: Communists strengthen gendarmerie--General Schuyler, US Representative ACC Rumania reports that, [REDACTED] the Communist Minister of Interior has requested the transfer to the gendarmerie of surplus automatic weapons and all armored vehicles and flame-throwers in the possession of the Rumanian Army. Schuyler comments that the request may indicate the Minister's doubts about the Army's loyalty to the Groza regime, and points out that the King has shown no disposition to sign the decree for the purge of the Army.
7. BULGARIA: Army purge includes Minister of War--US Political Representative Barnes in Sofia reports that the parliamentary commission for the purge of the Bulgarian Army is sending War Minister Veltchev on several months' sick "leave." The Vice-Minister of War, a "Communist stooge," will be Acting Minister. Barnes believes that Veltchev (formerly regarded as one of the chief obstacles to Communist domination of the Army) is "finished," and that 300 of the officers dismissed from the Army have already been shot.
8. ALBANIA: UNRRA proceeds help pay for military expenditure--According to US Political Representative Jacobs in Tirana, forty per cent (approximately US \$35.4 million) of the new Albanian budget is earmarked for military purposes. The Albanian Government has announced that about US \$12 million of its income will be derived from the sale of UNRRA goods.
9. TURKEY: New Cabinet expected to be "forceful"--US Ambassador Wilson reports his impression that the new Turkish Cabinet, which contains a number of "tough political personalities," is prepared to be forceful and even rigorously repressive. He believes that the Cabinet
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composition probably was influenced by the firm attitude of the opposition Democratic Party and that public opinion generally is not apt to be enthusiastic about the change.

#### FAR EAST

10. CHINA: Koreans mistreated--US Embassy Nanking reports that at present Koreans in China are regarded as enemy aliens and frequently maltreated. The Embassy suggests that the US link discussion of the Chinese request for Chinese consular representation in Korea with an approach to the Chinese Government for clarification of the status of Koreans in China.
11. SIAM: French proposals accepted--The State Department reports that the Siamese Government has agreed in principle to French proposals for submitting the validity of the 1941 Treaty to the International Court (see Daily Summary of 2 August, item 11). However, the question of the withdrawal of Siam's complaint to the Security Council, made on 15 July, is left in "abeyance."

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